

Message Text

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44

ACTION EB-07

INFO OCT-01 EA-07 IO-13 ISO-00 AGR-05 CIAE-00 COME-00

INR-07 LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-01

FRB-03 OMB-01 L-03 /058 W
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R 270910Z APR 76

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 0103

INFO USMISSION GENEVA

C O N F I D E N T I A L HONG KONG 4753

GENEVA FOR PHELAN

E.O. 11652: GDS

TAGS: ETRD, HK

SUBJECT: US - HONG KONG TEXTILE CONSULTATIONS

1. US AND HONG KONG DELEGATIONS CONCLUDED THREE DAYS OF CONSULTATIONS ON APRIL 24. PRINCIPAL SUBJECT OF CONSULTATIONS WAS RECENT PATTERN OF HONG KONG OVER-SHIPMENT IN CERTAIN CATEGORIES OF KNITTED TOPS. DELEGATIONS ALSO DISCUSSED TRANSHIPMENT OF HK GOODS TO US THROUGH OTHER COUNTRIES AND REQUEST BY HONG KONG FOR EITHER INCREASED CARRY FORWARD IN SOME CATEGORIES OR EXTENSION OF CURRENT AGREEMENT YEAR TO DECEMBER 31, 1976.

2. CONSULTATION ON KNITTED TOP OVERSHIPMENT TOOK A CONSTRUCTIVE TURN WHEN INDUSTRY ADVISERS SUGGESTED THAT EFFECTIVE SUB-LIMITS ON MERGED CATEGORIES 218, 219 AND 224 PT COULD BE OBTAINED BY SIMPLE DEVICE OF EXPRESSING LIMITS FOR MERGED CATEGORY IN BOTH DOZENS AND SQUARE YARDS EQUIVALENT. LEVELS FOR MERGED CATEGORY WERE SET AT 3,455,972 DOZEN AND 49,756,151 SYE FOR THE CURRENT AGREEMENT YEAR, THE TWO FIGURES BEING BASED ON EXISTING HK EXPORT COMMITMENTS AS REFLECTED IN EXPORT
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AUTHORIZATIONS FOR CATEGORIES 218 AND 224 PT AND IN

SPECIFIC LIMITS FOR CATEGORY 219. LIMITS ARE BASED ON EXISTING CONVERSION FACTORS FOR CATEGORIES MERGED. HOWEVER, TO AVOID DISRUPTION OF HONG KONG TRADE, AN ADDITIONAL 4,433,061 SYE WILL BE ALLOWED IN THE CURRENT AGREEMENT YEAR WITHOUT INCREASE OF THE DOZENS LIMIT AND A SIMILAR 1,105,618 SYE IN THE FOLLOWING AGREEMENT YEAR. COTTON CATEGORIES 41/42 AND 43/62 PT WERE MERGED AT THEIR EXISTING LEVEL WITH SUBLIMITS OF 125 PERCENT OF PREVIOUSLY EXISTING LIMITS.

3. MERGER OF KNIT TOP CATEGORIES WAS ACCOMPANIED BY AGREEMENT BETWEEN TWO GOVERNMENTS ON CLASSIFICATION CRITERIA FOR PRODUCTS INVOLVED. THIS WAS MOST DIFFICULT PART OF CONSULTATION BUT DRAFT ADMINISTRATIVE ARRANGEMENTS WERE EVENTUALLY AGREED UPON ESTABLISHING A COMMON BASIS FOR CLASSIFICATION AND SYE CHARGES AGAINST SQUARE YARDS LIMIT FOR MERGED CATEGORY. TEXT DRAFT AND AGREED MINUTES FOR CONSULTATIONS BEING SENT SEPTELS.

4. WHEN HONG KONG DELEGATION STATED IT WISHED TO FIND MEANS TO END POTENTIAL POSED BY TRANSHIPMENT TO DEPRIVE LEGITIMATE QUOTA HOLDERS FROM ACCESS TO US MARKET TWO DELEGATIONS AGREED TO EXPLORE CONTROL MECHANISM BASED ON HK EXPORT LICENSE.

5. HK DELEGATION STATED EARLY UTILIZATION OF CURRENT YEAR QUOTA AVAILABILITY IN SOME CATEGORIES POSED THREAT OF DISRUPTION OF PRODUCTION AND TRADE DURING FINAL QUARTER OF AGREEMENT YEAR. TO EASE THEIR THREAT HK DELEGATION REQUESTED THAT US EITHER INCREASE CARRY FORWARD BY FOUR PERCENT IN SELECTED CATEGORIES AS REPORTED EARLIER OR EXTEND CURRENT AGREEMENT YEAR TO DECEMBER 31, 1976 AND AGREEMENT TO DECEMBER 31, 1977 TO COINCIDE WITH END OF MFA. U.S. DELEGATION AGREED TO TAKE THIS REQUEST UNDER CONSIDERATION AND TO PROVIDE AN INITIAL RESPONSE BY MAY 31. CHAIRMAN OF HK DELEGATION, PETER TSAO, SAID HE HOPED FINAL DECISION COULD BE REACHED PRIOR TO JUNE 30 AND THAT HE WAS PREPARED TO COME TO WASHINGTON FOR ANY FURTHER CONSULTATIONS ON THIS ISSUE THAT MIGHT BE USEFUL. TSAO ALSO SUGGESTED ANNUAL CONSULTATIONS BE HELD EARLY

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THIS YEAR, IN LAST WEEK OF JULY OR FIRST WEEK OF AUGUST IF THESE DATES WOULD BE CONVENIENT TO U.S.
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Message Attributes

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Capture Date: 01 JAN 1994
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Draft Date: 27 APR 1976
Decaption Date: 01 JAN 1960
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Disposition Action: RELEASED
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Margaret P. Grafeld
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